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C O N F I D E N T I A L KINGSTON 001641

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DEPT FOR WHA/CAR - JTILGHMAN  
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TAGS: [ECON](#) [EINV](#) [PINR](#) [SOCI](#) [SNAR](#) [KCOR](#) [JM](#) [XL](#)  
SUBJECT: JAMAICA: "CASH PLUS" -- A TICKING FINANCIAL TIME  
BOMB

Classified By: Charge d'Affaires a. i. James T. Heg for reasons 1.4 (b)  
AND (d)

Summary

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11. (U) Irrational exuberance abounds among Jamaica's less experienced investors, many of whom deposit their fortunes with Cash Plus Limited in exchange for promised annual returns of 120 percent. Through a series of advertising campaigns over the last five years, Carlos Hill, the principal owner of Cash Plus, has raised millions of dollars from Jamaicans. Cash Plus has been on a business and real estate buying spree, putting contracts on various properties including the Hilton Hotel in Kingston. Mr. Hill is reticent to provide many details about his business, but the theme is reminiscent of other nationwide Ponzi schemes which have ended in financial disasters. Jamaica's top business leaders fear that Cash Plus, with its financially impossible promise of 10 percent monthly returns, is headed for collapse. A run on Cash Plus' assets by skittish investors could have a dangerous ripple effect through the economy and possibly result in social instability. End Summary

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Cash Plus Worries GOJ and Major Investors  
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12. (C) Keith Collister, an Economic Analyst with Jamaica's Gleaner newspaper who has been following Cash Plus over the years, says it is "a classic Ponzi scheme." Mr. Collister said he has serious concerns about the scheme because it is "targeting poor Jamaicans who cannot afford to lose the money they have invested." Collister added, the eventual fallout from Cash Plus has a higher potential for violence than Jamaica's recent national elections. Brian Wynter the Executive Director of Jamaica's Financial Services Commission (FSC) which regulates the securities and insurance sector spoke to the media on July 17, warning Jamaicans to "think and check before you invest." In his speech he described a Ponzi scheme run by Patrick Bennet in the United States, which sounds strikingly similar to the story of Cash Plus. Mr. Wynter told the audience that even if a fraudulent scheme ends in convictions of the perpetrators, often those that invested are never made financially whole.

13. (C) Cash Plus has released press statements claiming it has made several major purchases including the Hilton Hotel in Kingston. However, it does not appear that all of these transactions have been completed. FSC General Counsel, Loretta Reid Pitt, told Econoff that Cash Plus has made a

number of initial deposits for businesses, but that these have not closed, and thus there has not been any transfer of title or ownership. Ms. Pitt said the purchases listed in the news are more "hype" than reality. The FSC issued a notice on May 4 advising the Jamaican public that Cash Plus is not licensed or registered by the FSC, followed by another public notice on October 21 warning of unregistered investment schemes.

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"Louder Than The World Trade Center"  
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¶4. (SBU) In a November 2 newspaper article in the Financial Gleaner, William Clarke, the President of Scotiabank, Jamaica's largest bank, made a thinly veiled warning about Cash Plus, saying "high investment schemes will come crashing down, its just a matter of when." Clarke added, "there are billions of Jamaican dollars flowing through these schemes. When this crash comes, it will be louder than the World Trade Center." Many in Jamaica's financial community question how Cash Plus can sustain payouts of 10 percent a month on deposits. Renowned Jamaican investment banker Michael Lee Chin publicly has questioned Cash Plus' ability to return 120 percent per year, saying the best investor in the world, Warren Buffet, is only able to give a return of 20 percent per year.

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Cash Plus Reluctant to Speak Publicly  
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¶5. (SBU) Cash Plus comprises 12 operations that are spread across gaming, security, telecommunications, real estate, industrial financial services and food distribution. Mr.

Hill claims in his advertisements to employ over 2,000 people in Jamaica and has stated he plans to expand to other countries in the Caribbean. The only detailed press articles on Cash Plus or Mr. Hill were featured on April 8, 2007 in the Observer. In a response to questions from journalist Mark Wignall, Mr. Hill stated that individuals who deposit money with Cash Plus are lenders. Cash Plus borrows money and pays an interest rate of 10 percent per month. Mr. Hill said individual lenders of Cash Plus have a lien over the businesses and assets until their loan is repaid. The minimum lock-in period for the loans is 10 months, at which time a person would receive all of their principal back. Mr. Hill said the money is being used to acquire a range of businesses in Jamaica. However, he would not explain how he is able to make businesses profitable enough to pay back such high rates of return to lenders. When asked why he does not acquire more traditional commercial loans at a fraction of the rates he is paying, Mr. Hill responded that securing bank loans can be "very lengthy frustrating and an arduous task for most businesses."

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Finance Ministry Investigating Cash Plus  
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¶6. (C) The Financial Investigative Division of the Ministry of Finance is investigating Cash Plus. Cash Plus is currently an unregulated institution, and until and unless the Ministry of Finance designates it as a non-financial institution that is required to report, they are not covered by the new anti-money laundering law (Proceeds of Crime Act).

The Bank of Jamaica has also not yet made a determination as to whether Cash Plus falls under its regulatory framework. In the opinion of the Director of the FID, the organization should fall either under the Banking regulation or the Securities regulator should push the court to make a decision on the status of Olint, so that it could then regulate Olint, Cash Plus and the other similar investment schemes. (note: Olint is a highly speculative investment scheme trading in foreign currencies; it started in Jamaica and has since moved operations to Turks and Caicos Islands. End note). Until

the FID can find some hard evidence it can not move against the organization, but as soon as the Director finds a hook she can use, she will go after Cash Plus.

Comment

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17. The concern over Cash Plus appears to be growing day by day. It is still too early to tell how this scheme will play out among Jamaican society once there is a race to withdraw funds. The scheme seems to have penetrated Jamaican at the middle and lower socio-economic levels, and it is not clear how the GOJ would respond to a major financial crisis among Jamaica's poor. Some speculate that Cash Plus may also have a money laundering element to it, which explains why it has been able to pay out such high returns for so many years without collapsing; however, Post is unaware of any concrete evidence to support this speculation. Post will continue to follow the issue and report.

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